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Circular Letter

TO: ALL CALPERS EMPLOYERS

SUBJECT: NEW TECHNOLOGY AND BUSINESS PROCESSES IN 2009

CalPERS is developing a new integrated technology system that will provide faster, more reliable and cost-effective service to members and employers. This new system will replace over 25 systems currently in use by CalPERS including the Automated Communications Exchange System (ACES), and provide a streamlined self-service environment for completing retirement, health and Supplemental Income Plan (SIP) business transactions with CalPERS. CalPERS vision is to use the internet as a primary channel for conducting its business. The technology system establishes the technological foundation for achieving this vision. The new, modernized database system – the engine used to manage member and employer enrollment, and contribution and benefit information – will harness the power of the internet, resulting in greater efficiency, accuracy, versatility, convenience, and savings. It will be an integrated platform spanning all of CalPERS business lines.

The purpose of this Circular Letter is to provide you with information on required changes to the way you interact with CalPERS. This information can be used to help you prepare your 2008-2009 budget. The new technology system is scheduled to be implemented in late 2009.

Benefits to Employers

The new technology will significantly improve our service to you. Our new self-serve system will allow you to:

- Process employer and member transactions online, providing faster and more cost-effective service
- Submit forms electronically and receive immediate notification if corrections or edits are needed
- Access your employer account including billing and payment information, update contact information, view contract provisions
- Make payments over the internet
- Construct various contract provision scenarios with valuation results returned electronically
- Check the status of various transactions, including employer-initiated member disability retirement applications

- Share information with CalPERS through channels that utilize state of the art data protection and security standards
- Identify payroll submission errors and make corrections quickly online without resubmitting the entire payroll file
 - Contribution records that are error free will be posted in the new system within 24 hours
 - Employers will be required to correct contribution record errors before the record is posted to the system

What Will Change For You?

We are intent on giving you as much advance notice as possible of steps you may need to take as the new technology system is implemented. We will also inform you of changes your employees may experience from the new system. More specific information about file format requirements and a list of third party payroll providers that CalPERS is working with to make updates to their payroll reporting services will be shared with employers in Spring 2008.

Key changes for employers will include the following:

- Employers will be required to provide contribution and enrollment information over the internet. Currently, this information can be provided using ACES, Prelist, tape, or diskette.
- As an added feature, employers will also be able to copy contribution information from a previous period, make changes manually online, and submit the updated contribution data.
- The new file format will be Extensible Markup Language (XML). XML is a common format that is easy for employers to produce and it allows employers to share large amounts of data with CalPERS in a reasonably sized file.
- A new unique identifier will be created by the new system during enrollment and will be used to identify participants when sharing data with CalPERS.
- The contents of the contribution file will also change to simplify the reporting and reconciliation processes. The following is a list of known changes to the contribution file:
 - Codes will be replaced by titles that are easier to understand
 - Enrollment and Contribution files can be submitted together in one file or separately in two files
 - Retroactive adjustments can be reported across multiple pay periods in a single file
 - Working retiree data will be included in the file in order to monitor hours worked
 - The system will have the capacity to accept data for all non-members, pending a legislation change to require this information in the future

Benefits to Participants

In addition to changing the business process for employers, the new technology will greatly expand the functionality available to participants through my|CalPERS.

Participants will be able to:

- View real time pension and health account information such as contributions, service, service purchase payments made, SIP balance
- Elect service credit purchase(s)
- Elect retirement and refunds
- Monitor status of requests

Participants will also experience:

- Reduced dependence on paper forms
- Fewer adjustments to benefit payments after inception
- Ability to integrate Supplemental Income Plan and PERS benefits in benefit estimates
- Proactive notifications to retirees of health care coverage changes
- Automatic health enrollment change notifications

What will change for our Participants?

Participants will be encouraged to use the new self service functionality when doing business with CalPERS. This will reduce the time required to complete transactions and reduce questions to employers as participants can track the status of transactions or access information more easily over the internet.

Key Project Dates

Here are some important dates in our Communication/Implementation Timeline:

- **May 2008:** We will communicate specific file format changes that will be necessary to interact with CalPERS as well as a description of the testing and training activities. In addition, CalPERS will provide a special phone line where you can get answers to your questions about the transition to the new technology and processes.
- **Summer 2008:** CalPERS will begin contacting employers to verify that they understand the changes they will have to make and the timing of those changes.
- **October 2008:** At the Employer Educational Forum, we will conduct technology system demonstrations and present an implementation plan.
- **Winter 2008:** We will begin accepting test enrollment and contribution files from employers. All employers that will submit contribution and enrollment files will be required to participate in testing.
- **Summer 2009:** Employer training on the new system will begin.
- **Fall 2009:** Employers will be required to interact with CalPERS through the new System.

We look forward to working with you to prepare for this exciting change. Though we will continue to mail paper copies of all Circular Letters, to receive communications like this instantly via e-mail please subscribe to the CalPERS eBulletin at the following web address:

<https://www.calpers.ca.gov/index.jsp?bc=/employer/ebulletin/subscribe-now.xml>

Subscribing to the CalPERS eBulletin allows you to view copies of Circular Letters at CalPERS On-Line the same day they are mailed, as well as the flexibility to forward the information electronically to all interested and affected individuals within your organization.

Remember to look for a detailed packet of information on the new technology and processes this Spring. In the meantime, if you have any questions, please call the Employer Contact Center toll free at **888 CalPERS** (or 888-225-7377).



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